Bank of India will, however, consider specific proposals for consolidation from banks if any, as emanating from the management of the banks themselves.

(b) and (c) Before taking any decision on merger/consolidation of banks, Government/RBI will safe-guard the interests of the public, including the availability of banking services in the rural area. It is expected that mergers and consolidations will enhance the risk taking capacity of Banks enabling them to increase presence in rural areas.

Review of Borrowing Norms by Secondary Market Advisory Committee

3464. SHRIMATI N.P. DURGA:Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that SEBI has asked its Secondary Market Advisory Committee to review the existing norms for the borrowing and lending programme for securities;

(b) whether it is a fact that SEBI has stopped renewing the licenses given to entities which were allowed to provide the above facility earlier; and

(c) if so, the reasons behind this move?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. The Securities and Exchange Board of India (SEBI) has informed that the Secondary Market Advisory Committee (SMAC) in its meeting held on November 24,2004 reviewed the securities lending and borrowing scheme of SEBI. Based on the recommendations of the SMAC and with the approval of SEBI Board, it was specified vide circular dated March 4, 2005, *inter-alia,* that only clearing corporation/clearing house of the stock exchanges would, be permitted to act as approved intermediaries under the scheme to borrow and lend securities for meeting the settlement shortages.

(b) and (c) Yes, Sir. In view of the aforesaid decision of the SEBI Board based on the recommendations of the SMAC, SEBI has not been renewing the licenses given to entitites other than clearing corporation/clearing house of the stock exchanges which were allowed to borrow and lend securities under SLS.